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**SANDOZ**

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SANDOZ Ltd., CH-4002 Basle



# SANDOZ 73





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|                                      | 1972           | 1973           |
|--------------------------------------|----------------|----------------|
|                                      | million francs | million francs |
| <b>SANDOZ Group of Companies</b>     |                |                |
| Turnover                             | 3 395          | 3 616          |
| Dyestuffs                            | 1 118          | 1 184          |
| Pharmaceuticals                      | 1 813          | 1 907          |
| Agrochemicals/Food                   | 464            | 525            |
| Gross statistical Group profit       | 258            | 294            |
| Losses due to changes of parity      | 23             | 70             |
| Net statistical Group profit         | 235            | 224            |
| Cash flow                            | 423            | 427            |
| Total expenditure on research        | 303            | 323            |
| Including on pharmaceutical research | 222            | 236            |
| Investment in fixed assets           | 305            | 323            |
| Shareholders' equity                 | 2 386          | 2 555          |
| <br><i>Per share:</i>                | <br>francs     | <br>francs     |
| Net statistical Group profit         | 288            | 275            |
| Cash flow                            | 519            | 524            |
| Shareholders' equity                 | 2 928          | 3 135          |
|                                      | million francs | million francs |
| <b>SANDOZ Parent Company</b>         |                |                |
| Turnover                             | 1 204          | 1 397          |
| Net profit                           | 64             | 66             |
| Investment in fixed assets           | 169            | 195            |

|                                                                                              |            |            |
|----------------------------------------------------------------------------------------------|------------|------------|
| <i>Staff employed</i>                                                                        | Employees  | Employees  |
| by the Group                                                                                 | 32 545     | 33 646     |
| including by the Parent Company                                                              | 9 192      | 9 376      |
| <br><i>Turnover per employee</i><br><i>(based on average no. of employees over the year)</i> | <br>francs | <br>francs |
| for the Group                                                                                | 105 900    | 109 300    |
| for the Parent Company                                                                       | 132 600    | 150 400    |

# Board of Directors/Executive Committee/Board of Management

as at 1 January 1974

## Board of Directors

Dr. h.c. Carl Maurice Jacottet, Reinach BL  
Dr. h.c. Hans Schaffner, Berne  
Dr. Yves Dunant, Basle  
Dr. Max Brunner, Basle  
Dr. Roger Firmenich, Genthod GE  
Dr. Nicolas Gossweiler, Muri BE  
Dr. h.c. Kurt Hess, Winterthur  
Prof. Dr. Dr. h.c. Hans Huber, Muri BE  
Dr. Jacques Landolt, Paris  
Louis Dominique de Meuron, Paris  
Werner Stauffacher, Binningen BL  
Dr. Jean Wander, Muri BE

Chairman of the Board  
Vice Chairman  
Vice Chairman and Managing Director

## Members of the Executive Committee

Dr. Yves Dunant  
  
J. Peter Christen  
Max Hediger  
Dr. Augusto Zocca

Vice Chairman and Managing Director  
Chairman of the Executive Committee  
Group Finance  
Dyestuffs Division  
Pharmaceuticals Division

## Deputy Members of the Executive Committee

Dr. Jakob Benz  
Dr. Botond Berde  
Dr. Hansrudolf Gyax  
Dr. Adolphe A. Kaufmann  
Dr. Marc Moret  
Dr. Hans Winkler

Dyestuffs/Pigments/Brighteners/Tensides Research  
Pharmaceutical Research and Development  
Legal Dept.  
Pigments/Additives Dept. and External Relations  
Agro/Food Division  
Pharma/Agro Production

## Members of the Board of Management

Dr. Max Aebi  
Dr. Roger Boissonnas  
Dr. Ernst Bretscher  
Prof. Dr. Aurelio Cerletti  
  
Dr. Ernst Jucker  
Dr. Jürg Rutschmann  
Prof. Dr. Marc Sieber  
Dr. Robert Scheitlin

Engineering  
Pharmaceutical Development  
Pharmaceutical Quality Control  
Basic Medical Research; Scientific Adviser to  
Management  
Patents  
Pharmaceutical Chemical Research  
Personnel and Publicity  
Dyestuffs Production

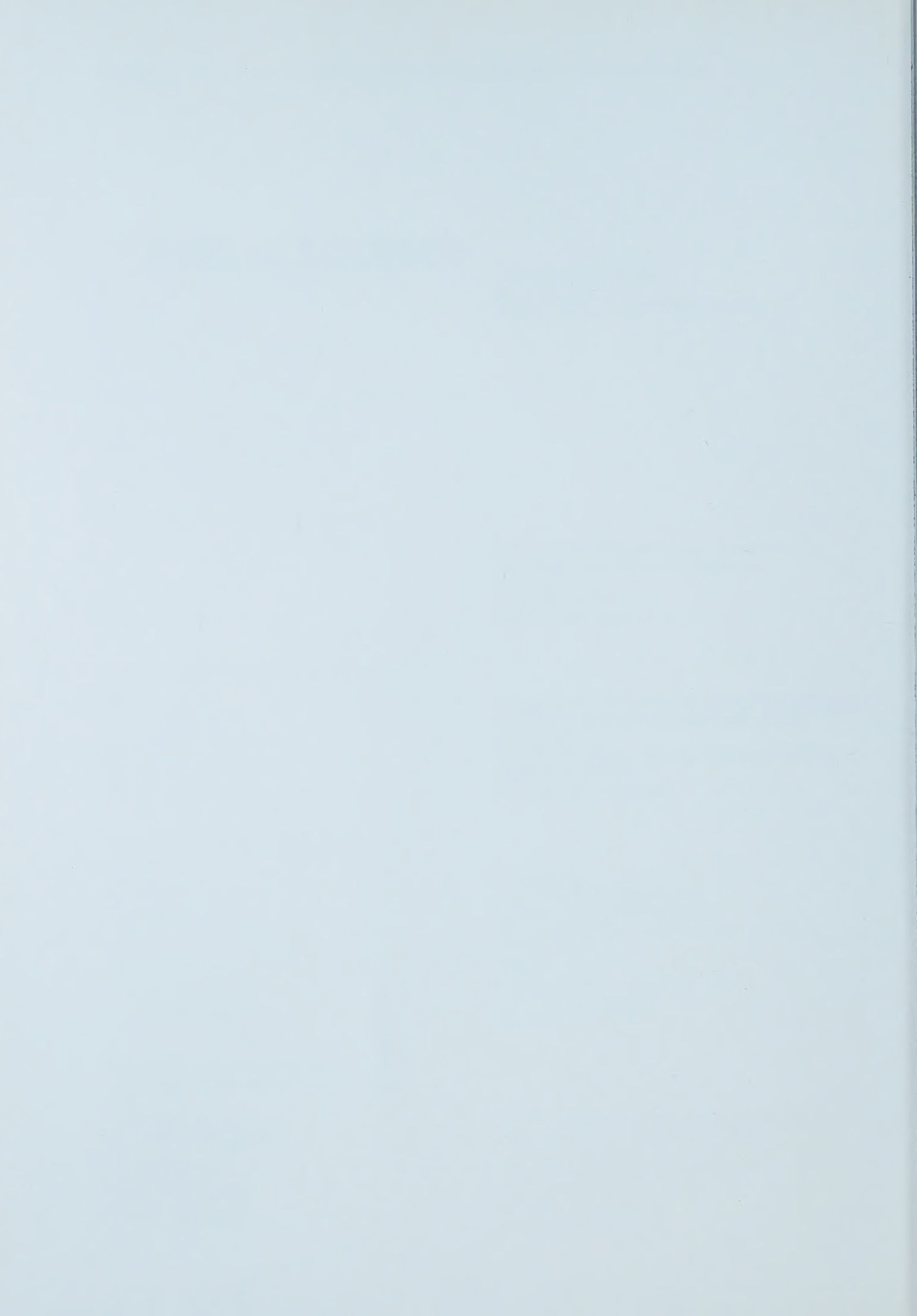
## Members of the Board of Management with special departmental responsibilities

Pierre Biedermann  
Dr. Jean-Pierre Bourquin  
Dr. Heinrich Glättli  
Dr. Richard Kern  
Dr. Ulrich Oppikofer  
Dr. Hans-Peter Sigg  
Dr. Rolf Schweizer

Purchasing/Shipping/Barter Dealing/Travel  
Pharmaceutical Chemical Production  
Economic Affairs  
Textiles/Paper/Leather Application  
Corporate Affairs  
Agrochemical Research  
Dyestuffs Marketing



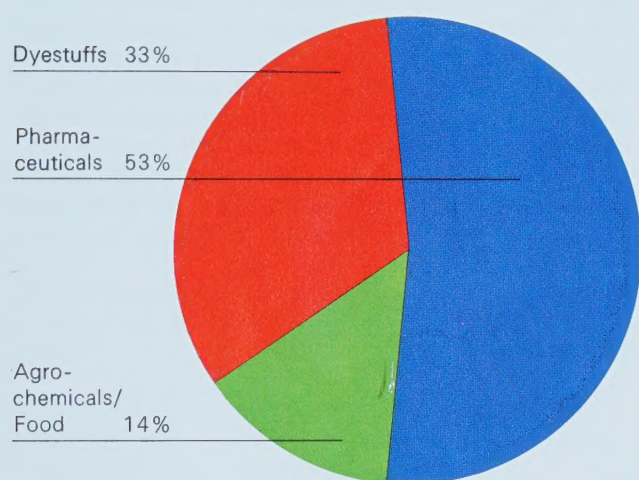
# SANDOZ in 1973





## Business Report

The value of sales by the SANDOZ Group increased in 1973 by 6.5% over the preceding year to 3,616 million francs. Sales by Division and by geographical area were as follows:



Sales by Division

The international economic climate with which the SANDOZ Group had to contend in 1973 was such as to make even greater demands than in previous years on both management and employees at all levels. Following the surprise floating of the Swiss franc and the second devaluation of the dollar at the beginning of the year it was clear from the outset that the earnings of the Group, which are still for the most part based on Swiss francs, would be adversely affected.

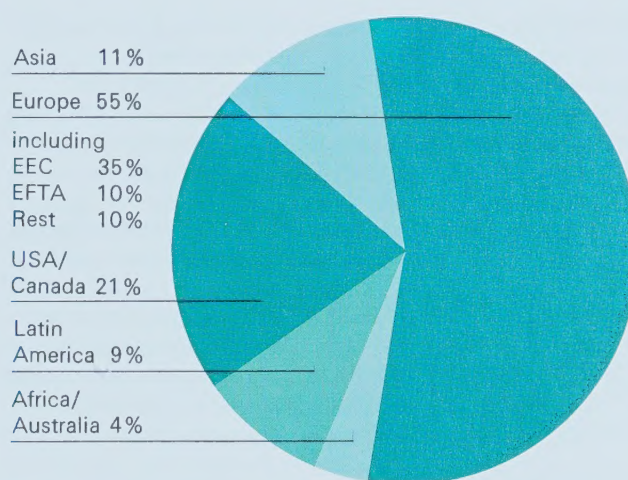
While the Group's gross statistical profit rose by comparison with 1972 by 14% from 258 million francs to 294 million, and while in relation to sales it is considerably higher than last year's profit, the net statistical profit achieved by the Group declined by 4.7% from 235 million francs in 1972 to 224 million francs in the year under review. The reason for this was that valuation losses due to parity changes more than trebled, from 23 million francs in 1972 to 70 million in 1973.

The sales of the Parent Company rose in 1973 by 193 million francs or 16% to 1,397 million francs, a slightly lower rate of increase than last year's

17.3% despite a higher rate of inflation. As a result of increased costs net profits, at 65.6 million francs showed an increase of only 3.2% on last year's figure (63.5 million).

There was an increase in the number of registered shareholders in 1973 from 26,600 to about 27,800.

The proposal will be made to the shareholders' meeting to approve the same dividend as in the past



Sales by geographical area

three years of fr. 65— gross per share and per dividend-bearing participation certificate.

## Investments

In 1973 the SANDOZ Group invested 323 million francs in land, buildings and plant. This was 18 million francs more than in the preceding year and does not include the Group's contributions to a number of public waste-water treatment plants or the finance made available for investment purposes to the Company's various funds and foundations.

More than half the total sum invested was spent on production facilities, either on extensions or on the replacement of obsolete plant.

It is already clear that capital expenditure will inevitably rise in the future for, in addition to production facilities, constant improvements to the



infrastructure of our factories, including expensive provisions for the protection of the environment, will require more and more funds.

### *Parent Company*

In *Basle* two tower blocks – one housing analytical laboratories and the other providing office accommodation for Administration – were completed and occupied at the end of the year. A further laboratory block for medical and biological research has already reached half its projected height.

In addition work has begun on a major extension to the staff canteen to relieve the present overcrowding.

A new dyestuffs plant fitted with the most modern equipment was completed at the beginning of 1973. Immediately adjoining, work on the next stage of another large dyestuffs production building has already reached the bare construction stage.

The shell of an additional building for Pharmaceutical Chemical Development was also completed. As in previous years a sizeable sum was spent on additions and extensions to existing production facilities.

At the *Muttenz* factory, too, work was begun or continued on major investment projects, the principal one being a modern dyestuffs factory. The Dyestuffs Division also took possession of a new

laboratory block and a new storage tank. Both the Dyestuffs and the Agrochemicals Divisions made considerable outlays for new production plant.

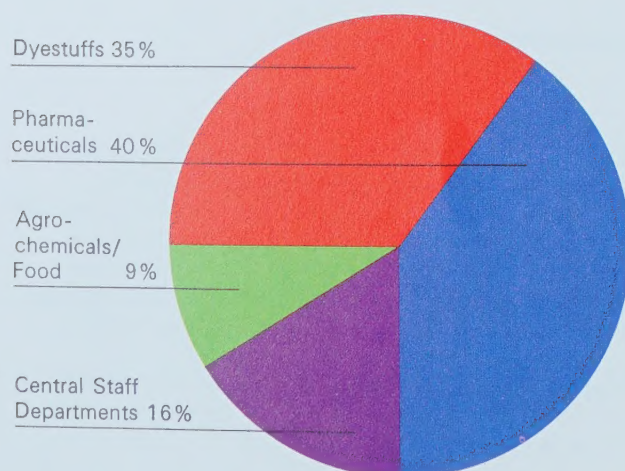
Work continues on the first stage of the training centre at *Muttenz* and the foundations and floors below ground level are already well advanced.

To turn to infrastructure projects, the extensions to the heating system in *Basle* were completed, while work continued on the reconstruction of the drainage systems in both *Basle* and *Muttenz*. The shell of the waste-water treatment plant and the feed duct which Sandoz is building jointly with other industrial enterprises and the local authority, was completed and a start made with the installation of apparatus. There is every hope that the plant will be able to start operating on a trial basis at first in early 1975 and become fully operational in the same year.

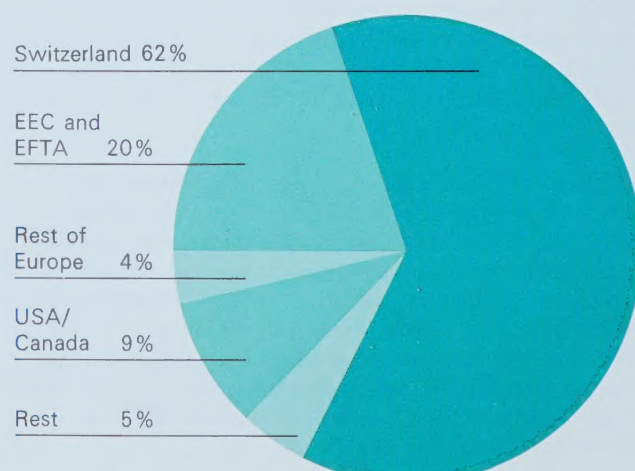
### *Affiliated companies*

Although investments by the Parent Company in Switzerland accounted for the major share of total investments, 1973 saw the completion or advancement of an impressive number of projects designed to keep the facilities of our many affiliated companies equally efficient. The most important of these projects are:

in *Austria* extensions to the plants producing active



Breakdown of investments by Division and Central Staff Departments



Breakdown of investments by geographical area



substances and finished products at Kundl and the building of a new Ovaltine factory in Vienna

in *Belgium* completion of the additional offices in Brussels

in *Canada* a new factory for Anca Laboratories (Pharmaceuticals Division of Wander Ltd., Toronto)

in *France* major extensions to the Ovaltine plant at Champigny-sur-Marne and to the dyestuffs factory at Huningue; offices, application laboratories and warehouses for the Dyestuffs Division at Lyons

in *Holland* offices and a warehouse on a newly acquired site at Uden

in *Italy* additions to the hospital supply production facilities at Mirandola, as well as further production lines for pharmaceuticals in Milan

in *Japan* a modern packaging plant for dyestuffs at Mitejima and new toxicological laboratories near Tokyo

in the *USA* at the headquarters of our American affiliate in Hanover, N.J., the second stage of the new pharmaceutical production plant.

The most notable of the projects on which work is still in progress are the new dyestuffs factory being built at Prat near Barcelona in *Spain*, the extensions to the production and auxiliary plants for industrial chemicals in the *USA* (Fair Lawn) and the major long-term modernization of the pharmaceutical production facilities of Wander in *Berne (Switzerland)*.

#### *Jointly owned factories*

Major extensions have also been made to the dyestuffs production plants in *Brazil* (Resende) and *Great Britain* (Clayton).

#### Personnel

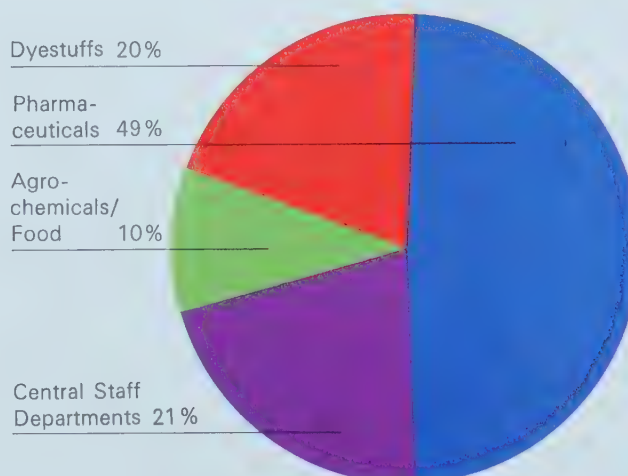
In 1973 the number of staff employed by the Parent Company increased slightly to 9,376, an increase

of only 2% over the preceding year. The recruitment of staff continued to pose problems both in Switzerland itself and in the neighbouring French and German border areas. The already chronically tight labour market in the Basle area was further stretched by still harsher restrictions on the issue of permits to foreigners.

The recruitment of craftsmen and shift workers in particular has become increasingly problematic in the past few months.

Further houses containing 110 flats were built, bringing the total to 969. Day nurseries, transport between home and place of work and educational grants for both employees and members of their families are some of the much appreciated services provided voluntarily by the Company for its staff. They have helped to keep our turnover rate down to the relatively low figure of 8.8% (excluding retirement).

The Company is particularly concerned for the welfare of its retired employees and has been revising the structure of its pension fund. The new provisions, which came into effect on 1 January 1974, contain, in addition to a number of improvements in detail, a major overhaul of the basis on which benefits from and contributions to the fund are calculated. These will in future be based on total remuneration rather than on basic salary alone. Further improvements are the complete co-ordination of the Company's pension fund with the state old-age and surviving dependants and disablement insurance schemes and the introduction of a capital-sum assurance scheme. This means that in addition to the pension a capital payment will be



Breakdown of staff employed by the Group by Division and Central Staff Departments

Agrochemical production plant at the Muttentz factory







made to employees or their dependants on retirement or in cases of disablement or death during service. The purpose of these measures is to give the Company a modern pension structure. At the same time we have been active on the social front by holding meetings of those about to retire to prepare them for this new phase of life.

The training of its staff is something which the Company regards as of prime importance. Concrete evidence of this is the training centre at Muttenz – now endowed as a foundation – on which work is going ahead at full speed. In 1973 alone 120 male and female apprentices passed their qualifying exam. In addition several hundred employees were given the opportunity for further training in both internal and external courses. Without the energy and devotion of its staff the Company would have been unable to realize its ambitious objectives during the year, and for their efforts the Board of Directors and the Management thank them most sincerely.

### Reorganization of Top Management

A restructuring of top management in Basle took effect on 1 January 1974. The principal feature of the new structure is the splitting of functions between Group and Parent Company and the formation of a number of staff units to advise top management on matters affecting the whole Group. Another important change is the creation of six deputy members of the Executive Committee who will attend its meetings and have the same right to vote as full members.

### Changes in the Board of Directors and Top Management

The Annual General Meeting of shareholders held on 8 May 1973 re-elected the Directors

Dr. h.c. Hans Schaffner, Berne, Vice Chairman  
Dr. Nicolas Gossweiler, Muri BE  
Prof. Dr. Dr. h.c. Hans Huber, Muri BE  
Dr. Jacques Landolt, Paris  
Dr. Jean Wander, Muri BE

for a further three-year term. Dr. h.c. Heinrich Küng, a member of the Board since 1965 and Vice Chairman since 1968, declined to stand for re-election. The General Meeting paid full tribute to his great service to the Company. His seat on the Board was filled by the election of Dr. h.c. Kurt Hess, of Winterthur.

At the end of 1973  
Dr. h.c. Carl Maurice Jacottet and  
Dr. Ernest Merian

resigned from the Executive Committee. Dr. Jacottet will, however, continue to have a decisive influence on the development of the Company in his capacity as Chairman of the Board of Directors and its Presidium.

Dr. E. Merian began his career with the Company in dyestuffs research and application, and he was instrumental in developing several new types of dyeing agent. In 1967 he was appointed Head of the Dyestuffs/Chemicals Division, a post which he held until 1971, when he gave it up to devote himself to important work in the environmental protection sphere. The Board of Directors and the Management thank him for his loyal service.

They likewise thank all employees who retired during 1973 most sincerely for their faithful and valuable service and extend their best wishes to them for the years that lie ahead.

With effect from 1 January 1974 the Board of Directors appointed the following Deputy Members of the Board of Management:

Dr. Jakob Benz  
Dr. Botond Berde  
Dr. Hansrudolf Gygax  
Dr. Adolphe A. Kaufmann  
Dr. Marc Moret  
Dr. Hans Winkler

Members of the Board of Management with special departmental responsibilities

Pierre Biedermann  
Dr. Heinrich Glättli  
Dr. Ulrich Oppikofer  
Dr. Hans-Peter Sigg  
Dr. Rolf W. Schweizer



Storage tank at the Basle factory



In the Spring of 1973 the Badische Anilin- & Sodafabrik AG (BASF), of Ludwigshafen in West Germany, and SANDOZ formed a jointly owned subsidiary, the Anthrachinon-Produkte BASF-SANDOZ AG. BASF and SANDOZ each hold 50% of the capital of this Company which totals 2 million francs. The Company, which has its headquarters in Basle, will manufacture and market chemical products, and in particular anthraquinone and its derivatives.

Changes were made to a number of WANDER companies in various countries. In Brazil the name of the Company was changed from Laboratório WANDER do Brasil S.A. to WANDER S.A. and its pharmaceutical business taken over on 1 April 1973 by SANDOZ Brazil S.A. WANDER in Brazil will now concentrate exclusively on the manufacture and marketing of food products. In Mexico the Laboratorios WANDER de México S.A. fused with SANDOZ de México S.A. A new name appears among the list of SANDOZ Group companies this year, namely Ovaltine (West Africa) Ltd. with headquarters in Lagos, Nigeria. The name of Ovaltine Jamaica Ltd., Kingston, was changed to WANDER (Jamaica) Ltd. and Ovaltine Products, Inc., Pasig/Manila, became WANDER (Philippines) Inc.

The Sociedade de Produtos Suícos Lda., in Lisbon ceased all business activities following its integration into the Sociedade Portuguesa de Produtos Wander Lda.

In Spain official permission was granted for the merging of our three affiliated companies there. As from 1 January 1974, therefore, SANDOZ S.A.E. of Barcelona took over the two manufacturing companies Instituto Químico Farmacológico Español S.A., Barcelona, and S.A. Española de Colorantes Sintéticos, Hospitalet de Llobregat/Barcelona.



# Divisions







The Group turnover of the Dyestuffs and Chemicals Division was 1,184 million Swiss francs, an increase of 5.9% over the previous year. This expansion was achieved partly with products already enjoying an established reputation and partly with a substantial number of new specialities. In the textile industry, which represents the Division's most important market, dyestuffs for synthetic fibres, notably polyester, and reactive dyestuffs for cotton and regenerated cellulosic fibres continued to be in good demand. In the non-textile markets our sales to the plastics, paint and paper industries in particular showed a steady upward trend.

In research and development we concentrated our resources on selected dyestuffs, pigments, chemicals and additives for synthetic fibres and plastics. Considerable progress was made in co-ordinating the activities of Group companies in application technology.

Our plants at home and abroad were well occupied throughout the year. In view of the many and varied adverse factors affecting manufacture, among them the shortage of qualified personnel in Switzerland and the troublesome supply position with raw materials, the level of output reached in the year under review is a notable achievement. High priority was given to the ecological aspect, with the aim of contributing as fully as possible to protection of the environment.

The Dyestuffs and Chemicals Division of the Group completed a successful year with a turnover of 1,184 million Swiss francs, an increase of 5.9% over the previous year. In the textile industry, which remains the leading market for our products, the level of activity varied considerably from country to country. As suppliers of special purpose products to the plastics, paint and paper industries we were able both to consolidate our market position and increase the yield from sales.

In the dyestuffs sector there was a brisk demand for *Drimarene*® dyestuffs; business with the *Foron*® and *Sandocryl*® ranges for synthetic fibres was also lively. In contrast, sales of acid dyestuffs suffered from the steep rise in wool prices and remained at the previous year's level.

For several years the volume of our business in chemicals has shown sustained growth and we can again look back on a successful year.

The performance of the Dyestuffs and Chemicals Division, which had to contend with appreciably keener competition in world markets, can on the whole be viewed with satisfaction. The figures display of course some variation from country to country. In the whole of *Europe* and *Africa* we had quite a good year. The turnover in *Asia*, particularly the Far East, and in *Australia* showed a firmer trend. In the *United States*, a major market for us, sales did not grow at the expected rate, as we were confronted with the cumulative effect of the de facto revaluation of the Swiss franc, the heavy interim under-valuation of the dollar, and a slacker pace of activity in the industries taking our products. In *Latin America*, where the onset of the international monetary crisis appeared to have weakened our competitive position less than elsewhere, Mexico was the only

country where a worsening in the economic climate led to disappointing results. In Brazil and Colombia we had a successful year.

A considerable number of new products and processes were developed to marketing maturity and placed in the hands of our sales organization. For customers in the textile industry the *Foron*® range of disperse dyestuffs for polyester fibres was enlarged with an important black element of high sublimation fastness and a blue with a shade now in great favour. A new *Forosyn*® Black and a Navy appeared for dyeing polyester/wool blends. The *Sandocryl*® range which we offer dyers and printers of acrylic fibres was widened with brilliant brands having rapid rates of dyeing. The important *Drimarene* K and R ranges composed of rapid-fixing reactive dyestuffs were diversified further with high-quality types. Our well-known selection of *Leucophor*® fluorescent brighteners received three new members, one of them a novel product which produces whites of outstanding brilliance on acrylic textiles. The assistant *Sandacid*® enables nylon to be dyed by a process which is cost-saving and at the same time favourable from the ecological standpoint. A further *Ceranine*® brand was launched for use as a wash-fast softener on synthetic fibres.

Our customers in the paper industry were introduced to economic, universally applicable *Leucophor*® brighteners. Among manufacturers of nonwovens, two new *Cartafix*® brands which inhibit migration of the binder during drying aroused keen interest. For the leather industry we developed to market maturity, along with new dyestuffs, a light-fast retarder and a levelling agent which increases the depth of dyeings, both of which are sold under the name *Dermagen*®.

The new products brought out for use in the non-textile industries included two *Pintasol*® brands which add to the appeal of this range of universally applicable tinting colours for the building and decorating trade. Other newcomers worthy of note are the *Sanur*® pastes for the pigmentation of polyurethane coating compositions and an antistatic agent named *Sandin*® designed for incorporation in the nylon melt prior to spinning. The *Sanodal*® system provides the aluminium processor with a selected range of dyestuffs for the production of light- and weather-resistant dyeings on external building elements of this metal.

In formulating plant manufacturing processes for new products, our research and development staff sought with success to keep the amount of waste material to an absolute minimum. Items in our production programme which hitherto have been manufactured by processes that do not measure up to our stringent ecological criteria have been discontinued, or the process of manufacture remodelled to satisfy these criteria. We have also designed and built highly sensitive measuring devices for monitoring the concentration of pollutants in the atmosphere.

Since mid-1973 all the departments within the Division have been able to utilize the facilities of a central autoclave station run by the Research Department, which as regards operating safety embodies the most advanced technical knowledge.

In the pigments and additive sector, research and development was centred on ultraviolet absorbers, anti-oxidants, antistatic agents and flame retardants.

With the shortage of qualified personnel and energy resources taking on ever greater significance, we found it imperative to assign high priority in application research to the development of dyeing and printing processes of novel type. Together with greater economy, an operating procedure in keeping with the need for protection of the environment is a major consideration in such projects. Thus the *Sancowad*® process, which makes for big savings in water and power consumption and has accordingly met with worldwide interest, was developed further. Economic, reliable dyeing in circulatory systems is another field where recent work has borne fruit in application processes incorporating new fundamental knowledge with which dyeings of superior levelness can be obtained by optimizing the treatment times.

In continuous dyeing technology, following requests from customers we devised a one-bath steam process for applying selected *Drimarene*® R and K dyestuffs to cellulosic fabrics without the need for intermediate drying.

For our *Terindosol*® dyestuffs we perfected a one-stage printing process for polyester/cellulosic fibre blends. A second printing process for blend fabrics of acrylic fibre with wool or nylon employs *Sandocryl*® dyestuffs and is based on pretreatment with *Sandospace*® R.

In spite of manifold difficulties, the manufacturing sections in the Parent Company succeeded in increasing the output of dyestuffs and even more markedly of chemicals. This good result was due to farsighted deployment of the available manpower, aided by the putting into service of newly installed plant of considerably greater capacity and further thoroughgoing rationalization of manufacturing processes in existing plant systems.

Quite apart from the difficulty in recruiting qualified manufacturing staff of younger age, securing an adequate supply of raw materials and intermediates presented a tricky problem on repeated occasions; it became increasingly serious in the final quarter of the year and in all probability it will assume yet greater proportions in 1974.

In the year under review most of our manufacturing centres abroad were able to make satisfactory use of their production capacity. In Europe the dyestuffs factories at Huningue, France, and Hospitalet, Spain, again worked to capacity. The output of the chemical works at St. Pierre-la-Garenne, France; Horsforth, England; Pallazzolo, Italy; and Hospitalet, Spain, continued to ease the pressure on the Parent Company's plant at Muttens to an appreciable extent.

Fair Lawn, USA, reported a further increase in chemical production. In Asia the output of chemicals by the plant at Kolshet, India, which also manufactures dyestuffs, was in the region of last year's figure. At Jamshoro, Pakistan, bottlenecks in the supply of raw materials held down chemical production at the previous year's level, but the Karachi dyestuffs factory was fully employed. The plant at Mitejima in Japan also operated at full capacity to meet demand.

In the three plants jointly owned with CIBA-GEIGY, utilization of the production capacity ran at a satisfactory level, while at Clayton in England a seven-day working week had to be introduced to cope with the heavy demand. In the two jointly owned plants at Toms River, USA, where extensive investments in ecological safeguards are planned, a good level of employment was maintained, and the same was true of the Brazilian plant at Resende. In both these plants the successful disperse dyestuffs took first place in the production programme.





Sales in 1973 were worth 1,907 million francs, an increase of 5.2% over the preceding year. Of the newly launched products Sanorex® (= Teronac®) did particularly well. The Division's research and development activities were orientated towards the objectives of the 10-year plan.

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In the year under review sales by the Group's Pharmaceuticals Division amounted to 1,907 million francs, thus exceeding sales in 1972 by 5.2%.

On the whole this is a gratifying result if we consider that the external circumstances under which it was achieved were often far from favourable. In terms of Swiss francs, results in countries whose currencies underwent a sharp drop in value by comparison with the franc were not of course entirely satisfactory; this applies among our major markets to the USA, Italy, India, Canada and the UK in particular. At the same time, however, the figures show that in purely local currency terms notable increases in sales were achieved in the majority of these same countries. Our affiliated companies in France, West Germany, Japan, Spain and Brazil succeeded in increasing their share of the market, and the upward trend maintained over several years in a number of comparatively small countries such as Austria, Portugal and Greece continued. In some developing countries, on the other hand, a series of negative factors unfortunately led to serious setbacks.

The cardiovascular agents *Brinerdin*® and *Visken*® did particularly well in 1973. This means that *Brinerdin*® is now the best-selling product in our range. Sales of our  $\beta$ -blocker *Visken*® doubled, partly as a result of the extension of its indications to include hypertension and partly as a result of its launching in Japan and Italy. The appetite suppressant *Sanorex*® – the active ingredient of which was discovered and developed in the laboratories of our American subsidiary – was launched in the USA in the middle of the year with resounding success. This product, which is not an amphetamine derivative, stands out among anorectic agents on account of its chemical originality and its biological mechanism of action. 1974 will see the start of its launching internationally under the trade-name *Teronac*®.

In the psychiatric field the neuroleptic agent *Leponex*®, a product of our research team in Berne which has as yet been launched in only Switzerland and Austria, performed exceptionally well and sales on both markets are already about 50% of *Melleril*® sales. The demand for *Melleril*® itself suffered less of a setback than had been expected with the expiry of patent protection for thioridazine. The antidepressant *Noveril 240*® also experienced a notable upswing, a result no doubt

of such useful properties as its long duration of effect, while *Noveril*® found increasing use in the parenteral treatment of depression.

By the end of 1973 *Sandomigran*®, an agent for the treatment of migraine, had been launched in 34 countries and was, as anticipated, making good progress. *Spectacillin*®, a broad-spectrum penicillin sold under licence from E.R. Squibb & Sons, Inc., has been given an excellent reception by the medical profession in Switzerland, the only country in which it has so far been launched. With the launching of *Rhinergal*®, a combination drug which is proving itself in particular in the symptomatic treatment of acute inflammation of the upper respiratory tract, we entered the vast market for oral cough and cold preparations.

*Research and Development* made most of the adjustments during the year necessary to bring its concept into line with the 10-year plan. The principal measures adopted include the following:

- concentration of research on selected fields
- intensification of work on a smaller number of projects
- more systematic periodic review of projects to assess their chances of realization.
- avoidance of duplication by distributing projects rationally among the various research centres.

In spite of the increasingly stringent demands which must be taken into account during the development of new drugs, we were able to keep the number of staff employed on research and development work at its previous level. A modest but nevertheless welcome addition to our scientific infrastructure was made with the opening of an institute at Kawaguchi-ko (Japan) to study the toxicological aspects of drugs. The institute will strengthen the presence of SANDOZ in the world's second-largest pharmaceutical market.

In addition to the newly launched products already referred to, a number of new active substances were developed to the registration stage. They include a hormone which opens up fundamentally new possibilities in the treatment of certain diseases of the osseous system.

Once again *Pharmaceutical Production* devoted a considerable proportion of its resources to "Good Manufacturing Practices". The outlay involved in finding solutions which satisfy the increasing, and in some countries already very far-reaching requirements of the public health authorities and which are at the same time economically viable, is growing constantly. As a result of close and fruitful co-operation between the Parent Company and our principal factories abroad, however, these efforts have led to a number of valuable ideas. As for our production plants in developing countries, the Parent Company continued with its campaign to improve the standard of training of the personnel and to increase their awareness in matters of quality. With the start of local production under licence in Bulgaria, Poland and Czechoslovakia the already considerable number of countries in which our pharmaceutical products are manufactured rose to 41.

*Pharmaceutical Chemical Production* recorded notable production increases in both Basle and the affiliated companies. Development work in the Parent Company's laboratories was further intensified in view of the greater demands being made on the quality of active substances on the one hand and of the growing need for environmental protection on the other. The result has been the installation of new plant, involving considerable capital investment, and the modification of certain production processes to achieve a major reduction in the volume of waste air and water discharged.

Over the last few years *marketing* as such has gradually become the responsibility of our peripheral organizations, the subsidiary companies, or of Product Management. Logically, therefore, and in keeping with the 10-year plan responsibility for marketing at Group level is now in the hands of Country Management and Product Management which, together with Research, Production and Diversification, represent the Pharmaceuticals Division's five principal line functions.

For *Hospital Supply*, our first diversification, 1973 was a year of structural consolidation affecting both production and marketing in the subsidiary companies. Group sales in the haemodialysis (artificial kidney) and pulmonary function fields again showed a marked rise and our share of the latter market has grown rapidly, thanks to the strenuous efforts of our European affiliates. In the field of respiratory care we were able to launch the *Life-Line*® disposable accessories as well as the new *Aquapak*® humidification system. In 1973 our Japanese subsidiary started selling hospital supply products. Our primary objective at the moment is the consolidation of our position in the lung and

kidney fields as a means of enabling us to satisfy new requirements arising from advances in therapy. To this end we have extended our research and development activities to independent centres at American universities, and are also contemplating the acquisition of promising new products.

In addition to the strengthening of our position in Switzerland, the most notable development on the *Health Club* front was the opening in December of the first French club in Paris. Further clubs are about to be opened in Munich and Lyons.





The increase in sales in the Agrochemicals sector was considerably higher than the increase for the SANDOZ Group as a whole. This was a result of the increased demand for our insecticides, fungicides and cereal herbicide, Dosanex®. We were able to strengthen our research potential, particularly in the USA, while in Brazil production capacity underwent considerable expansion.

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The increase in the sale of agrochemical products by comparison with the preceding year was well above the overall Group average. A decisive role in this notable achievement was played by our affiliated companies in Western Europe and by one or two overseas companies, Brazil in particular. In the USA the takeover of the Crop Aid Products Division of the International Minerals and Chemicals Corporation meant the addition to our organization of a team of research workers and marketing specialists with proven experience in the field of biological pest control. The chief product of our new acquisition is the insecticide, *Thuricide*®.

a number of strikes in the private and public sectors caused production hold-ups, which were only partially overcome by overtime working. On the brighter side, production started at our plant in Brazil, the first in the country manufacturing copper-based products. Its situation in close proximity to areas of high consumption of these products makes it possible to keep our production costs in this modern factory at favourable levels.

Among the insecticides the emphasis continued to be on our range of products based on phosphoric acid ester, to which a new one was added in India with the launching of *Ekalux*®. The demand for fungicides, and especially for our traditional copper- and sulphur-based preparations, was lively, occasionally to the point at which it exceeded the available production capacity. The cereal herbicide *Dosanex*® also continued to enjoy growing interest.

By pursuing our policy of concentrating *research* on what we regard as important areas, we were able to increase the number of substances synthesized and tested without significantly increasing the number of staff employed. Our biological and analytical test methods were systematically improved and orientated towards long-term objectives. A considerable part of research capacity was taken up by products already on the market, either with work designed to extend our knowledge of their effects on the environment or with bringing them into conformity with official requirements.

Several of the Parent Company's *production* plants were modernized with a view to further improving the quality and quantity of the goods supplied to our customers. We are also in the process of rapidly expanding our plant for chemical synthesis and are at present in the advantageous position of being able to cope on time with large orders for both established and new products. The production capacity of our affiliated companies was also at full stretch but, thanks to the great flexibility of our formulation plants, we were able quickly to satisfy local market requirements. In Italy, unfortunately,



Group sales in 1973 were satisfactory despite noticeably keener competition. Ovaltine continues to be the sheet anchor of our range.

1973 was characterized in Foods as in other sectors by the greater difficulty of the external conditions affecting the market. The fact that results were satisfactory despite this is due in large measure to the Delmark Company Inc. (USA), which was taken over at the end of 1972. The chief problems facing us were greater competition in the food products sector and, above all, increasingly rigorous commercial demands.

Excellent results in certain countries were responsible for the generally satisfactory level of sales. Switzerland did very well and above-average growth rates were achieved in Australia, Belgium, West Germany, Canada, Spain and the Philippines. In Great Britain sales were virtually held at last year's level, thanks to the taking of certain specific measures.

Of the many products in our extensive range some of the most successful were the baby foods and the

slimming lines, although *Ovaltine*® maintained its dominant position; *Choc-Ovo*® also sold well. Once again a respectable number of new products were introduced, such as *Contour*® (Switzerland), *Minvitin*® (Belgium and West Germany), Honey Ovaltine (Singapore) and Ovaltine Sandwich Spread (France).

*Research and Development* focused a good deal of its attention on calorie-controlled foods. Much of its capacity was devoted to process research in an attempt to counter the sharp rise in costs. Ensuring the quality of our products was, and is, a further major activity.

In our European factories in particular the utilization of *production* capacity continued at a high level. Where temporary shortages did occur, as in Great Britain, they were made good by shipping supplies from other plants.



# Statement of Accounts: 1973



Parent Company’s Profit and Loss Account

|                                                                            | 1972          | 1973          |
|----------------------------------------------------------------------------|---------------|---------------|
|                                                                            | francs        | francs        |
| <hr/>                                                                      |               |               |
| Revenue                                                                    |               |               |
| Parent Company turnover                                                    | 1 203 713 000 | 1 396 589 000 |
| Capitalized company-manufactured items                                     | 46 501 414    | 17 942 301    |
| Receipts from holdings,<br>loans and securities                            | 35 229 966    | 32 784 448    |
|                                                                            | <hr/>         | <hr/>         |
| Total revenue                                                              | 1 285 444 380 | 1 447 315 749 |
|                                                                            | <hr/>         | <hr/>         |
| <br>                                                                       |               |               |
| Expenditure                                                                |               |               |
| Raw materials, intermediates,<br>finished products and auxiliary materials | 365 307 445   | 388 803 421   |
| Wages and salaries                                                         | 316 773 817   | 354 981 248   |
| Social welfare expenditure                                                 | 71 137 055    | 83 055 643    |
| Other expenditure, incl. taxes                                             | 307 574 087   | 376 063 408   |
| Depreciation on fixed assets                                               | 104 758 121   | 117 339 189   |
| Allocation to general provisions                                           | 45 620 234    | 50 750 000    |
| Interest on debenture loans                                                | 10 725 000    | 10 725 000    |
|                                                                            | <hr/>         | <hr/>         |
| Total expenditure                                                          | 1 221 895 759 | 1 381 717 909 |
|                                                                            | <hr/>         | <hr/>         |
| <br>                                                                       |               |               |
| Net profit                                                                 | 63 548 621    | 65 597 840    |
|                                                                            | <hr/>         | <hr/>         |



## Parent Company's Balance Sheet before Distribution of Profits

| Assets                                                       | as at 31 December 1972 |              | as at 31 December 1973 |              |
|--------------------------------------------------------------|------------------------|--------------|------------------------|--------------|
|                                                              | francs                 | %            | francs                 | %            |
| <b>Fixed assets</b>                                          |                        |              |                        |              |
| Land                                                         | 1                      |              | 1                      |              |
| Buildings                                                    | 362 079 638            |              | 428 320 560            |              |
| Plant and equipment, furniture and fittings                  | 199 520 228            |              | 211 105 121            |              |
| Holdings                                                     | 218 674 128            |              | 195 297 733            |              |
| Loans to affiliated companies<br>and jointly owned factories | 155 070 812            |              | 136 568 714            |              |
|                                                              | <u>935 344 807</u>     | <u>48.3</u>  | <u>971 292 129</u>     | <u>46.2</u>  |
| <b>Current assets</b>                                        |                        |              |                        |              |
| Inventories                                                  | 283 898 819            |              | 298 387 886            |              |
| Accounts receivable                                          | 219 869 219            |              | 313 076 235            |              |
| Liquid funds, incl. securities                               | 498 128 806            |              | 520 783 042            |              |
|                                                              | <u>1 001 896 844</u>   | <u>51.7</u>  | <u>1 132 247 163</u>   | <u>53.8</u>  |
| <b>Total assets</b>                                          | <u>1 937 241 651</u>   | <u>100.0</u> | <u>2 103 539 292</u>   | <u>100.0</u> |
| Land in acres                                                | 452.9                  |              | 449.5                  |              |
| Insured values in francs:                                    |                        |              |                        |              |
| Buildings                                                    | 1 177 307 000          |              | 1 312 089 000          |              |
| Plant and equipment, furniture and fittings                  | 946 244 000            |              | 1 021 755 000          |              |

| Liabilities                                                | as at 31 December 1972 |              | as at 31 December 1973 |              |
|------------------------------------------------------------|------------------------|--------------|------------------------|--------------|
|                                                            | francs                 | %            | francs                 | %            |
| <b>Shareholders' equity</b>                                |                        |              |                        |              |
| Share capital                                              | 195 000 000            |              | 195 000 000            |              |
| Capital in the form of participation certificates          | 8 750 000              |              | 8 750 000              |              |
| General reserves                                           | 290 496 240            |              | 294 900 000            |              |
| Special reserves                                           | 106 000 000            |              | 110 500 000            |              |
| General provisions                                         | 356 000 000            |              | 406 750 000            |              |
|                                                            | <u>956 246 240</u>     | <u>49.3</u>  | <u>1 015 900 000</u>   | <u>48.3</u>  |
| <b>Third parties' capital</b>                              |                        |              |                        |              |
| Debenture loans                                            | 210 000 000            |              | 210 000 000            |              |
| Accounts payable                                           | 429 539 508            |              | 466 152 521            |              |
| Special provisions and value adjustments; accrued expenses | 276 210 095            |              | 344 806 355            |              |
|                                                            | <u>915 749 603</u>     | <u>47.3</u>  | <u>1 020 958 876</u>   | <u>48.5</u>  |
| <b>Profit and loss account</b>                             |                        |              |                        |              |
| Net profit for the year                                    | 63 548 621             |              | 65 597 840             |              |
| Balance from previous year                                 | 1 697 187              |              | 1 082 576              |              |
|                                                            | <u>65 245 808</u>      | <u>3.4</u>   | <u>66 680 416</u>      | <u>3.2</u>   |
| <b>Total liabilities</b>                                   | <u>1 937 241 651</u>   | <u>100.0</u> | <u>2 103 539 292</u>   | <u>100.0</u> |
|                                                            |                        |              |                        |              |
| Guarantee commitments                                      | 151 910 000            |              | 142 908 000            |              |

# Comments on the Parent Company's Statement of Accounts

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## PROFIT AND LOSS ACCOUNT

### Revenue

#### *Parent Company turnover*

The turnover of the Parent Company showed a 16% increase by comparison with 17.3% last year.

#### *Capitalized company-manufactured items*

This figure includes the capitalized items manufactured by the Company for its own use and the increase in stocks of intermediate and finished products, which is considerably lower than in the preceding year.

#### *Receipts from holdings, loans and securities*

This item shows a decline since 1972 as a result of the lower dividends and interest received from affiliated companies following the currency adjustments.

### Expenditure

#### *Raw materials, intermediates, finished products and auxiliary materials*

The outlay for raw materials, intermediates, finished products and auxiliary materials rose by 6.4%.

#### *Wages and salaries*

Despite the relatively small increase of 2% in the number of employees, the Company's wages and salaries bill rose by 12.1%. This considerable increase is primarily due to the cost-of-living increment and to the increase in real earnings.

#### *Social welfare expenditure*

The 16.8% increase in this item is the result of greater allocations to the Company's pension fund and to the higher obligatory social insurance contributions, in particular the increase from 3.1% to 4.5% in old-age and surviving dependants, disablement and military service compensation contributions.

#### *Other expenditure, including taxes*

The marked rise of 22.3% is mainly due, leaving aside environmental protection costs, to a considerable rise in taxation arising from the restrictions imposed on depreciation levels under the Government's economic measures to combat inflation. Also included in this item are the considerable sums written off the Company's holdings as a consequence of the currency crisis, and the

cost of building the training centre at Muttentz, which has now been legally converted to a foundation.

#### *Depreciation on fixed assets*

As a result of the greater volume of investment fixed asset depreciation went up by 12%.

#### *Allocation to general provisions*

The sum allocated to general provisions was 5.1 million francs higher than last year.

### Net profit

The net profit was about 2 million francs up on last year. In view of the negative factors affecting business this result can be regarded as satisfactory.

## BALANCE SHEET

### Assets

#### *Land*

There was a fall of about 3½ acres in the total land owned by the Company as a result of the transfer of a plot of this size to the foundation responsible for building the SANDOZ training centre at Muttentz. Land is listed on the books at a nominal value.

#### *Buildings, plant, equipment, furniture and fittings*

The book value of buildings, plant, equipment, furniture and fittings has changed as follows:

|                                                                        |             |
|------------------------------------------------------------------------|-------------|
| Book value 31. 12. 1972                                                | fr. 561.6 m |
| plus: investments in buildings, plant and equipment 1973               | fr. 195.1 m |
| less: depreciation on fixed assets 1973 as per profit and loss account | fr. 117.3 m |

|                         |             |
|-------------------------|-------------|
| Book value 31. 12. 1973 | fr. 639.4 m |
|-------------------------|-------------|

#### *Holdings*

The decline in this item is due to the fact that depreciation resulting from the currency crisis far exceeded additions.



### *Loans to affiliated companies and jointly owned factories*

The drop in the book value is due to loan repayments by a number of affiliates and to depreciation made necessary by exchange rate changes.

### *Inventories*

There was a 5.1 % increase in the value of inventories. The figure is based, as always, on conservative valuations.

### *Accounts receivable*

The sharp rise of 42.4 % in accounts receivable is explained by a shortage of liquidity on the part of our affiliated companies as a result of the higher exchange rate of the Swiss franc, as well as by the normal expansion of business.

### *Liquid funds, including securities*

This figure is made up as follows:

|                                                 |                            |
|-------------------------------------------------|----------------------------|
| Securities                                      | fr. 187.1 m (—fr. 15.3 m)  |
| Bank accounts,<br>post office accounts,<br>cash | fr. 333.7 m (+ fr. 38.0 m) |

The portfolio comprises Swiss Federal Government bonds and debentures and short-term securities of leading Swiss banks. The bank accounts are fixed-period deposit accounts and current accounts.

## **Liabilities**

### *Share capital and participation certificates*

There were no changes in either share capital or in capital in the form of participation certificates.

The share capital, amounting to 195 million francs, comprises 740,000 registered and 40,000 bearer shares each with a nominal value of 250 francs.

8.75 million francs' worth of the Company's capital is in the form of 35,000 participation certificates each with a nominal value of 250 francs. 9,000 of these participation certificates with a total nominal value of 2.25 million francs were taken up by SANDOZ Holdings Ltd. and paid up at the time of the acquisition of the Delmark Company, Inc. These certificates are still owned by SANDOZ Holdings Ltd. and do not therefore participate in the distribution of profits. In accordance with the decision of the General Meeting of 24 May 1972, the Board of Directors has the power to issue additional participation certificates not subject to right of subscription until the nominal value of this form of capital is 55 million francs.

### *General and special reserves*

The general reserve and the special reserves, which include the reserve for foreign commitments, the work provision programme reserve and the social welfare reserve fund were allocated a total of 8.9 million francs from profits.

### *General provisions*

The purpose of these provisions is to provide adequate cover against the numerous financial risks involved in industrial and commercial activities all over the world. They were increased by 14.3 %.

### *Debenture loans*

The following debenture loans are still outstanding:

| Date of issue | million francs | Interest rate | Latest repayment date |
|---------------|----------------|---------------|-----------------------|
| 1961          | 60             | 3½ %          | 15 May 1976           |
| 1968          | 50             | 5¼ %          | 15 October 1983       |
| 1971          | 100            | 6 %           | 30 September 1986     |

### *Accounts payable*

There was an 8.5 % increase in this item.

### *Special provisions and value adjustments; accrued expenses*

This item shows a 24.8 % increase by comparison with last year.

## **Guarantee commitments**

The purpose of these guarantees is to secure bank credits for our affiliated companies, jointly owned factories and agents. At the end of the year 93.4 million of the 142.9 million francs available had been drawn against.

## Profit and Appropriation; Proposals to the Annual General Meeting

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|                                                                                                                                                      |                                 |                |
|------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|----------------|
| Net profit for the year 1973                                                                                                                         |                                 | fr. 65 597 840 |
| Less                                                                                                                                                 |                                 |                |
| Statutory dividend of 5% gross =<br>fr. 12.50 on each dividend-bearing<br>780,000 ordinary shares and<br>26,000 participation certificates           | fr. 9 750 000<br>fr. 325 000    |                |
|                                                                                                                                                      | <hr/>                           |                |
|                                                                                                                                                      | fr. 10 075 000                  |                |
| Directors' fees                                                                                                                                      | fr. 1 110 456                   | fr. 11 185 456 |
|                                                                                                                                                      | <hr/>                           |                |
| Balance                                                                                                                                              |                                 | fr. 54 412 384 |
| Balance brought forward from previous year                                                                                                           |                                 | fr. 1 082 576  |
|                                                                                                                                                      |                                 | <hr/>          |
| The Annual General Meeting therefore<br>has at its disposal                                                                                          |                                 | fr. 55 494 960 |
| We recommend that this sum be appropriated<br>as follows:                                                                                            |                                 |                |
| Payment of a further dividend of<br>fr. 52.50 gross per dividend-bearing share<br>on 780,000 ordinary shares<br>on 26,000 participation certificates | fr. 40 950 000<br>fr. 1 365 000 |                |
|                                                                                                                                                      | <hr/>                           |                |
|                                                                                                                                                      | fr. 42 315 000                  |                |
| Transfer to General Reserve Fund in accordance<br>with the Swiss Company Act (OR 671)                                                                | fr. 4 400 000                   |                |
| Reserve for foreign commitments                                                                                                                      | fr. 5 500 000                   |                |
| Charitable donations                                                                                                                                 | fr. 1 000 000                   |                |
| Donation to the SANDOZ Foundation<br>for the Promotion of the Medico-Biological Sciences                                                             | fr. 600 000                     |                |
| Donation to the Holiday Fund of SANDOZ Ltd., Basle                                                                                                   | fr. 200 000                     | fr. 54 015 000 |
|                                                                                                                                                      | <hr/>                           |                |
| Leaving a balance to be carried forward of                                                                                                           |                                 | fr. 1 479 960  |
|                                                                                                                                                      |                                 | <hr/>          |

We submit the following proposals to the Shareholders' Meeting regarding the Annual Report, the Statement of Accounts and the Elections:

1. That the Report for 1973, the Balance Sheet and the Profit and Loss Account be approved.
2. That the net profit be appropriated in accordance with the proposals of the Board of Directors and a gross dividend of fr. 65.— per dividend-bearing share declared; as from 16 May 1974, therefore, coupon no. 38 will be cashable at fr. 45.50 net after deduction of 30% withholding tax.
3. That the Board of Directors be granted discharge.
4. That the following Directors  
Dr. Max Brunner  
Dr. Roger Firmenich  
whose term of office expires on the date of the Annual General Meeting, be elected for a further three-year period.
5. That the Swiss Auditing and Fiduciary Company, Basle, be appointed auditors for the financial year 1974.

The complete agenda is being submitted to shareholders with the invitation to the General Meeting.

For the Board of SANDOZ Ltd.

The Presidium:

C.M. Jacottet, Chairman  
H. Schaffner, Vice Chairman  
Y. Dunant, Vice Chairman and Managing Director



## Auditors' Report

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To the General Meeting  
of Shareholders of SANDOZ Ltd.,

Basle

As auditors to your Company we have examined the financial statements for the year ended 31 December 1973 in accordance with the provisions of the law.

We have come to the conclusion that

the balance sheet and profit and loss account are in agreement with the books,

the books of account have been properly kept,

the financial position and the results of operations are presented in accordance with the principles of evaluation prescribed by the law and the requirements of the statutes.

Based on the result of our examination we recommend that the statements submitted to you be approved.

We further confirm that the proposal of the Board of Directors for the disposal of the available profit are in agreement with the law and the statutes.

Basle, 28 March 1974

Swiss Auditing and Fiduciary Company

H. Russenberger

R. Müller

Group Profit and Loss Account

|                                                                            | 1972              | 1973              |
|----------------------------------------------------------------------------|-------------------|-------------------|
|                                                                            | million<br>francs | million<br>francs |
| <hr/>                                                                      |                   |                   |
| Revenue                                                                    |                   |                   |
| Group turnover                                                             | 3 395             | 3 616             |
| Interest and receipts from minority holdings                               | 28                | 40                |
|                                                                            | <hr/>             | <hr/>             |
|                                                                            | 3 423             | 3 656             |
|                                                                            | <hr/>             | <hr/>             |
| Expenditure                                                                |                   |                   |
| Raw materials, intermediates,<br>finished products and auxiliary materials | 862               | 892               |
| Wages, salaries and social welfare expenditure                             | 1 023             | 1 105             |
| Other expenditure                                                          | 1 089             | 1 158             |
| Depreciation on buildings, plant and<br>equipment, furniture and fittings  | 188               | 203               |
| Value adjustments                                                          | 3                 | 4                 |
|                                                                            | <hr/>             | <hr/>             |
|                                                                            | 3 165             | 3 362             |
|                                                                            | <hr/>             | <hr/>             |
| Gross statistical Group profit                                             | 258               | 294               |
| Valuation losses due to changes of parity                                  | 23                | 70                |
|                                                                            | <hr/>             | <hr/>             |
| Net statistical Group profit                                               | 235               | 224               |
|                                                                            | <hr/>             | <hr/>             |
| As a percentage of turnover:                                               | %                 | %                 |
| Gross statistical Group profit                                             | 7.6               | 8.1               |
| Net statistical Group profit                                               | 6.9               | 6.2               |

## Group Balance Sheet

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|                                                                         | as at 31 December<br>1972 |       | as at 31 December<br>1973 |       |
|-------------------------------------------------------------------------|---------------------------|-------|---------------------------|-------|
| <b>Assets</b>                                                           | million francs            | %     | million francs            | %     |
| Land                                                                    | 138                       |       | 142                       |       |
| Buildings                                                               | 970                       |       | 1 071                     |       |
| Plant and equipment, furniture and fittings                             | 498                       |       | 513                       |       |
| Holdings                                                                | 141                       |       | 126                       |       |
|                                                                         | <hr/>                     |       | <hr/>                     |       |
| <i>Fixed assets</i>                                                     | 1 747                     | 43.0  | 1 852                     | 41.7  |
| Inventories                                                             | 829                       |       | 882                       |       |
| Accounts receivable                                                     | 852                       |       | 972                       |       |
| Liquid funds, incl. securities                                          | 634                       |       | 734                       |       |
|                                                                         | <hr/>                     |       | <hr/>                     |       |
| <i>Current assets</i>                                                   | 2 315                     | 57.0  | 2 588                     | 58.3  |
|                                                                         | <hr/>                     | <hr/> | <hr/>                     | <hr/> |
| <b>Total assets</b>                                                     | 4 062                     | 100.0 | 4 440                     | 100.0 |
|                                                                         | <hr/>                     | <hr/> | <hr/>                     | <hr/> |
| <b>Liabilities</b>                                                      |                           |       |                           |       |
| Share capital                                                           | 195                       |       | 195                       |       |
| Capital in the form of participation certificates                       | 9                         |       | 9                         |       |
| Reserves                                                                | 1 947                     |       | 2 127                     |       |
| Statistical Group profit                                                | 235                       |       | 224                       |       |
|                                                                         | <hr/>                     |       | <hr/>                     |       |
| <i>Shareholders' equity</i>                                             | 2 386                     | 58.7  | 2 555                     | 57.5  |
| <i>Third parties' equity</i>                                            | 16                        | 0.4   | 16                        | 0.4   |
| Debenture loans SANDOZ Ltd., Basle                                      | 210                       |       | 210                       |       |
| Accounts payable                                                        | 665                       |       | 776                       |       |
| Bank credits                                                            | 342                       |       | 383                       |       |
| Provisions and value adjustments                                        | 443                       |       | 500                       |       |
|                                                                         | <hr/>                     |       | <hr/>                     |       |
| <i>Third parties' capital</i>                                           | 1 660                     | 40.9  | 1 869                     | 42.1  |
|                                                                         | <hr/>                     | <hr/> | <hr/>                     | <hr/> |
| <b>Total liabilities</b>                                                | 4 062                     | 100.0 | 4 440                     | 100.0 |
|                                                                         | <hr/>                     | <hr/> | <hr/>                     | <hr/> |
| Insured value of buildings, plant and equipment, furniture and fittings | 3 780                     |       | 3 997                     |       |



Sources and Uses of Funds: Group

|                                                             | 1972    | 1973    |
|-------------------------------------------------------------|---------|---------|
|                                                             | million | million |
| Sources of funds                                            | francs  | francs  |
| Net statistical Group profit                                | 235     | 224     |
| Depreciation on fixed assets                                | 188     | 203     |
| Cash flow                                                   | 423     | 427     |
| Profit distributed by Parent Company for the preceding year | 42—     | 55—     |
| Self-financing                                              | 381     | 372     |
| Increase in Parent Company's capital and reserves           | 152     | —       |
| Increase in accounts payable                                | 60      | 111     |
| Increase in bank credits                                    | 55      | 41      |
| Increase in provisions and value adjustments                | 65      | 57      |
| Total                                                       | 713     | 581     |
| Uses of funds                                               |         |         |
| Investment in fixed assets                                  | 305     | 323     |
| Increase/decrease in holdings                               | 52      | 15—     |
| Decrease in third parties' capital                          | 14      | —       |
| Increase in inventories                                     | 91      | 53      |
| Increase in customers' accounts                             | 99      | 120     |
| Increase in liquid funds, including securities              | 152     | 100     |
| Total                                                       | 713     | 581     |

# Explanatory notes on Group Statement of Accounts

36

## 1. General

### *Extent of consolidation*

The consolidation includes all companies whose capital is owned directly or indirectly by SANDOZ Basle to the extent of more than 50%. Exceptions are the jointly owned factories at Resende in Brazil and Covigal in Venezuela and Swiss Tar Industries Ltd., Pratteln, which are included under 'Holdings'.

### *Exchange rates*

The assets and liabilities of our affiliated companies abroad have been converted at the rates of exchange applying at the end of the year, with the exception of fixed assets, which have been valued as explained under 3 below.

## 2. Group profit

Account has been taken of sales to parties outside the Group only. All transactions between Group companies have been eliminated for consolidation purposes.

## 3. Group balance sheet

### *Fixed assets*

Fixed assets are valued in Swiss francs on the basis of the rate of exchange in the year of acquisition. The following uniform rates of depreciation are applied to their initial value:

|                                  |          |
|----------------------------------|----------|
| Buildings                        | 5% p.a.  |
| Plant, equipment and machinery   | 10% p.a. |
| Furniture and fittings, vehicles | 20% p.a. |

Land is valued conservatively, never higher than at the cost of acquisition.

### *Holdings*

This figure includes all holdings in jointly owned factories, other holdings, and the non-consolidated affiliate, Swiss Tar Industries Ltd. Valuation is based on the cost of acquisition, provided the fair market values is not lower.

### *Inventories*

Inventories are valued at cost or market price, whichever is lower.

GROUP PROFIT AND LOSS ACCOUNT

*Interest and receipts from minority holdings*

The significant increase in this item is the result of higher interest rates and of the increase in liquid funds.

*Raw materials, intermediates, finished products and auxiliary materials*

The parity changes are partially responsible for the relatively small increase of only 3.5% in this item by comparison with last year. The effects of the universal rise in raw material prices have hardly been felt as yet.

*Wages, salaries and social welfare expenditure*

While the number of employees increased by 3.4%, the wages, salaries and social welfare bill rose by 8%, again as a result of exchange rate factors.

*Valuation losses due to changes of parity*

The increase of 47 million francs in valuation losses due to changes of parity reflects the decrease in the value of the net current assets of many of our foreign affiliated companies in terms of Swiss francs. As a result of our practice of valuing investments in Swiss francs at the average exchange rate for the year of acquisition, fixed assets show no valuation losses.

GROUP BALANCE SHEET

The balance sheet shows an increase of 378 million francs or 9% over last year. The slight fall in fixed assets is balanced by an equivalent rise in current assets. On the liabilities side there has been a slight fall in the proportion of shareholders' to third parties' funds.

*Fixed assets*

The 323 million francs invested in fixed assets during the year is partially offset by the 203 million francs depreciation on existing fixed assets. The difference of 120 million francs increases the book value of this item to 1,730 million francs.

*Holdings*

The fall of 15 million francs in this item is the result of the consolidation of the Delmark Company, Inc.

*Accounts receivable*

The considerable increase over 1972 in this item is primarily due to the above-average increase in sales in the fourth quarter.

*Liquid funds, including securities*

Liquid funds, including short-term securities stand at 734 million francs, 20.3% of the Group's total turnover. Securities account for 199 of the 734 million francs. The sharp rise is due in part to the short-term increase in accounts payable and bank debts at the end of the year.

GROUP'S SOURCES AND USES OF FUNDS

*Cash flow*

Cash flow rose by 4 million francs or 1% to 427 million francs. 75% of the 496 million francs required for investments in fixed assets, inventories and customers' accounts were covered by self-financing.





## Review of Trends





Parent Company Balance Sheet Trends: 1972–1973

| Assets                                                                 | 1972 | %  | 1973 | %  |
|------------------------------------------------------------------------|------|----|------|----|
| <i>Fixed assets:</i>                                                   |      |    |      |    |
| Buildings                                                              |      | 19 |      | 20 |
| Plant and equipment,<br>furniture and fittings                         | 48   | 10 | 46   | 10 |
| Holdings                                                               |      | 11 |      | 9  |
| Loans to affiliated companies and<br>jointly owned factories           |      | 8  |      | 7  |
| <i>Current assets:</i>                                                 |      |    |      |    |
| Inventories                                                            |      | 15 |      | 14 |
| Accounts receivable                                                    | 52   | 11 | 54   | 15 |
| Liquid funds, incl.<br>securities                                      |      | 26 |      | 25 |
| <i>Liabilities</i>                                                     |      |    |      |    |
| <i>Shareholders' equity:</i>                                           |      |    |      |    |
| Share capital and capital in the<br>form of participation certificates |      | 11 |      | 10 |
| General reserves                                                       |      | 15 |      | 14 |
| Special reserves                                                       | 49   | 5  | 48   | 5  |
| General provisions                                                     |      | 18 |      | 19 |
| <i>Third parties' capital:</i>                                         |      |    |      |    |
| Debenture loans                                                        |      | 11 |      | 10 |
| Accounts payable                                                       | 47   | 22 | 49   | 22 |
| Special provisions<br>and value adjustments;<br>accrued expenses       |      | 14 |      | 17 |
| <i>Profit and loss account</i>                                         | 4    | 4  | 3    | 3  |

## Ten-Year Survey 1964–1973: Parent Company

|                                                       |             | 1964   | 1965   | 1966   | 1967   | 1968   | 1969*   | 1970    | 1971    | 1972    | 1973    |
|-------------------------------------------------------|-------------|--------|--------|--------|--------|--------|---------|---------|---------|---------|---------|
| <b>Turnover</b>                                       | fr. million | 439    | 492    | 546    | 586    | 662    | 811     | 903     | 1 026   | 1 204   | 1 397   |
| Increase over preceding year                          | %           | 17     | 12     | 11     | 7      | 13     | 23      | 11      | 14      | 17      | 16      |
| <b>Wages, salaries and social welfare expenditure</b> | fr. million | 134    | 147    | 164    | 188    | 211    | 263     | 293     | 336     | 388     | 438     |
| Increase over preceding year                          | %           | 13     | 10     | 12     | 15     | 12     | 25      | 11      | 15      | 15      | 13      |
| <b>Staff employed</b>                                 | number      | 5 600  | 5 728  | 6 103  | 6 477  | 6 865  | 7 900   | 8 388   | 8 967   | 9 192   | 9 376   |
| Increase over preceding year                          | %           | 4      | 2      | 7      | 6      | 6      | 15      | 6       | 7       | 3       | 2       |
| <b>Turnover per employee</b>                          | francs      | 78 400 | 85 800 | 89 500 | 93 150 | 99 200 | 109 800 | 110 900 | 118 200 | 132 600 | 150 400 |

\*1969 onwards includes Durand & Huguenin Ltd.

## Ten-Year Survey 1964–1973: Group

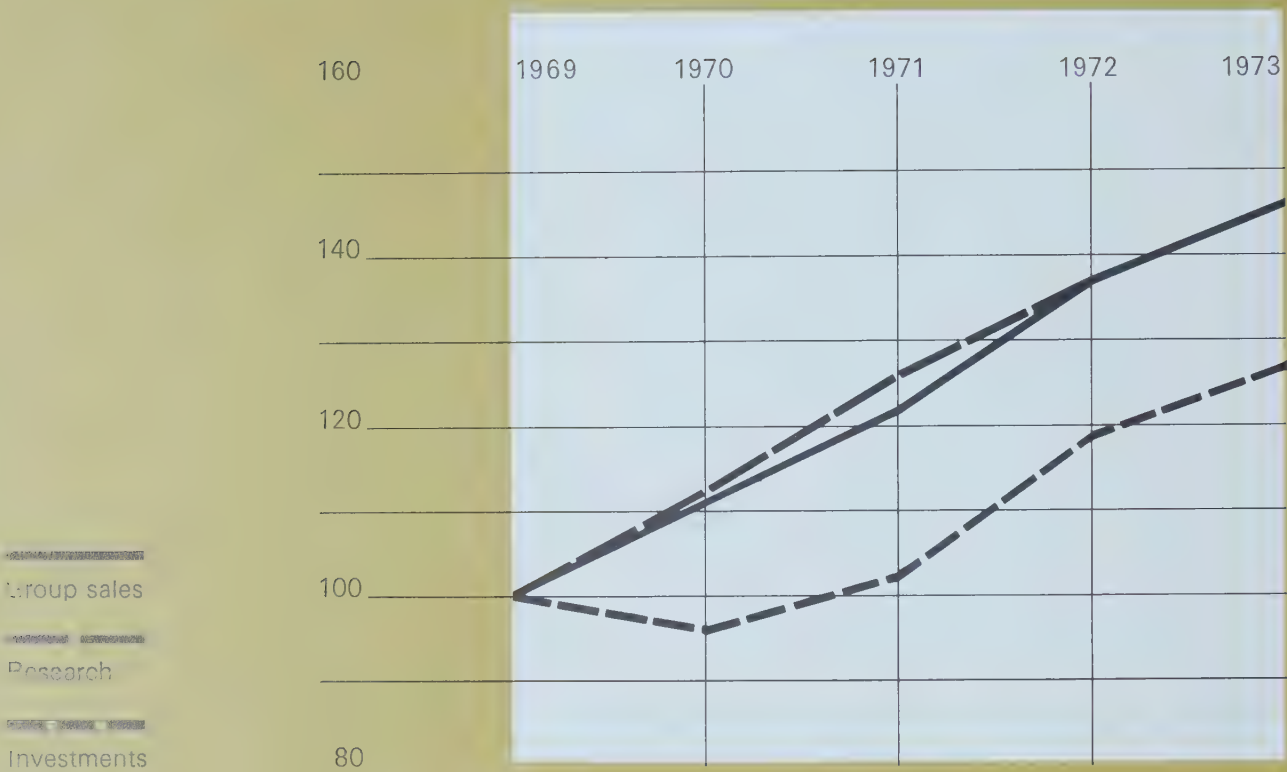
|                                     |             | 1964   | 1965   | 1966   | 1967*  | 1968   | 1969   | 1970   | 1971   | 1972    | 1973    |
|-------------------------------------|-------------|--------|--------|--------|--------|--------|--------|--------|--------|---------|---------|
| <b>Turnover</b>                     | fr. million | 1 077  | 1 243  | 1 401  | 1 977  | 2 194  | 2 483  | 2 751  | 3 030  | 3 395   | 3 616   |
| Increase over preceding year        | %           | 18     | 15     | 13     | 41     | 11     | 13     | 11     | 10     | 12      | 7       |
| <b>Equity capital</b>               | fr. million |        |        |        | 1 408  | 1 532  | 1 740  | 1 906  | 2 041  | 2 386   | 2 555   |
| Increase over preceding year        | %           |        |        |        |        | 9      | 14     | 10     | 7      | 17      | 7       |
| <b>Net statistical Group profit</b> | fr. million |        |        |        |        | 160    | 189    | 206    | 176    | 235     | 224     |
| Increase over preceding year        | %           |        |        |        |        |        | 18     | 9      | -15    | 34      | -5      |
| as a % of turnover                  |             |        |        |        |        | 7      | 8      | 7      | 6      | 7       | 6       |
| as a % of equity capital            |             |        |        |        |        | 10     | 11     | 11     | 9      | 10      | 9       |
| <b>Research</b>                     | fr. million | 74     | 94     | 117    | 152    | 176    | 221    | 247    | 279    | 303     | 323     |
| Increase over preceding year        | %           | 45     | 27     | 24     | 30     | 16     | 26     | 12     | 13     | 9       | 7       |
| as a % of turnover                  |             | 7      | 8      | 8      | 8      | 8      | 9      | 9      | 9      | 9       | 9       |
| <b>Investment in fixed assets</b>   | fr. million | 156    | 168    | 231    | 279    | 240    | 256    | 247    | 261    | 305     | 323     |
| Increase over preceding year        | %           | 26     | 8      | 38     | 21     | -14    | 7      | -4     | 6      | 17      | 6       |
| as a % of turnover                  |             | 14     | 14     | 16     | 14     | 11     | 10     | 9      | 9      | 9       | 9       |
| <b>Staff expenses</b>               | fr. million |        |        |        |        | 597    | 703    | 804    | 912    | 1 023   | 1 105   |
| Increase over preceding year        | %           |        |        |        |        |        | 18     | 14     | 13     | 12      | 8       |
| <b>Staff employed</b>               | number      | 14 711 | 15 821 | 17 163 | 24 352 | 25 670 | 28 151 | 30 399 | 31 566 | 32 545  | 33 646  |
| Increase over preceding year        | %           | 14     | 8      | 8      | 42     | 5      | 10     | 8      | 4      | 3       | 3       |
| <b>Turnover per employee</b>        | francs      | 78 100 | 81 400 | 84 950 | 83 100 | 87 700 | 92 300 | 94 000 | 97 800 | 105 900 | 109 300 |

\*1967 onwards includes WANDER LTD.

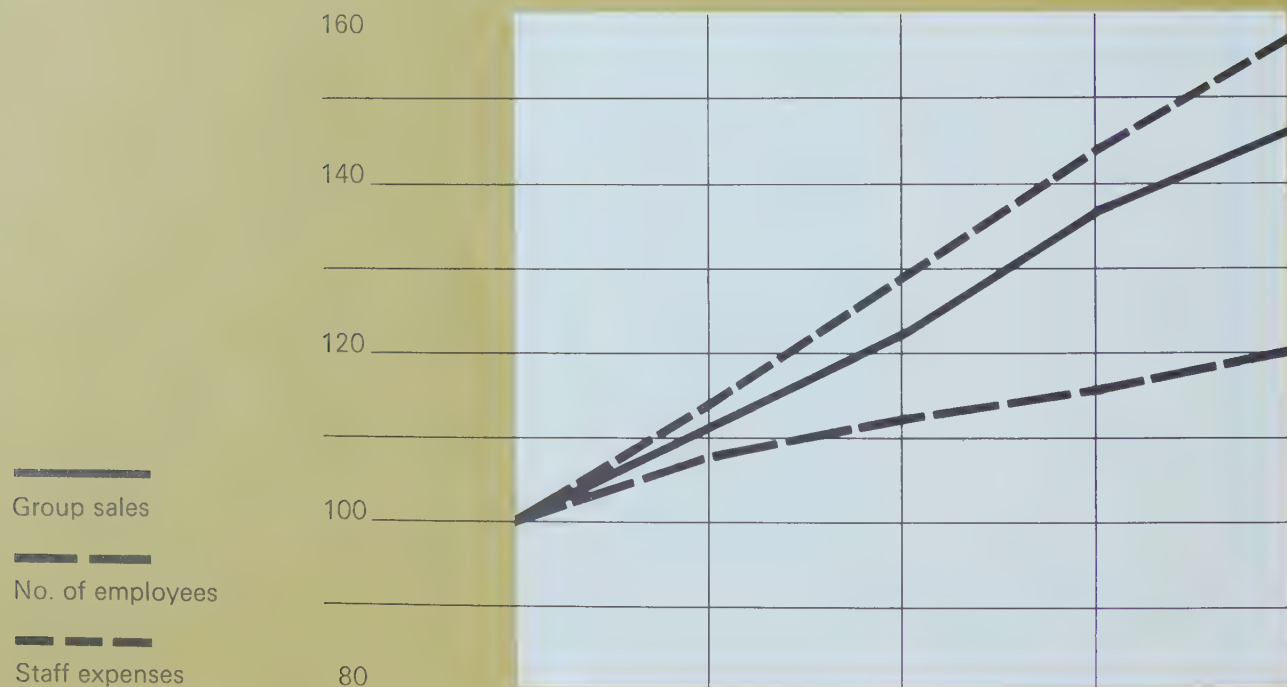
Group Balance Sheet Trends: 1969–1973

| Assets                                                                 | 1969  | %  | 1970  | %  | 1971  | %  | 1972  | %  | 1973 | %  |
|------------------------------------------------------------------------|-------|----|-------|----|-------|----|-------|----|------|----|
| <i>Fixed assets:</i>                                                   |       |    |       |    |       |    |       |    |      |    |
| Land                                                                   |       | 4  |       | 4  |       | 4  |       | 3  |      | 3  |
| Buildings                                                              |       | 27 |       | 26 |       | 25 |       | 24 |      | 24 |
| Plant and equipment,<br>furniture and fittings                         | 47    | 13 | 46    | 13 | 44    | 13 | 43    | 12 | 42   | 12 |
| Holdings                                                               |       | 3  |       | 3  |       | 2  |       | 4  |      | 3  |
| <i>Current assets:</i>                                                 |       |    |       |    |       |    |       |    |      |    |
| Inventories                                                            |       | 19 |       | 20 |       | 21 |       | 20 |      | 20 |
| Accounts receivable                                                    | 53    | 20 | 54    | 21 | 56    | 21 | 57    | 21 | 58   | 22 |
| Liquid funds,<br>incl. securities                                      |       | 14 |       | 13 |       | 14 |       | 16 |      | 16 |
| <i>Liabilities</i>                                                     |       |    |       |    |       |    |       |    |      |    |
| <i>Shareholders' equity:</i>                                           |       |    |       |    |       |    |       |    |      |    |
| Share capital and capital in the<br>form of participation certificates |       | 5  |       | 5  |       | 4  |       | 5  |      | 5  |
| Reserves                                                               | 60    | 48 | 59    | 48 | 57    | 48 | 59    | 48 | 58   | 48 |
| Statistical Group profit                                               |       | 7  |       | 6  |       | 5  |       | 6  |      | 5  |
| <i>Third parties' capital:</i>                                         |       |    |       |    |       |    |       |    |      |    |
| Debenture loans                                                        |       | 5  |       | 5  |       | 6  |       | 5  |      | 5  |
| SANDOZ Ltd., Basle                                                     |       | 17 |       | 17 |       | 18 |       | 17 |      | 17 |
| Accounts payable                                                       | 40    | 17 | 41    | 17 | 43    | 18 | 41    | 17 | 42   | 17 |
| Bank credits                                                           |       | 8  |       | 9  |       | 8  |       | 8  |      | 9  |
| Provisions and<br>value adjustments                                    |       | 10 |       | 10 |       | 11 |       | 11 |      | 11 |
| Balance sheet total in fr. millions                                    | 2 922 |    | 3 249 |    | 3 551 |    | 4 062 |    | 4440 |    |

Group Trends in Sales, Investments and Research Costs



Group Trends in Staff expenses (incl. social exp.), Staff employed and Sales





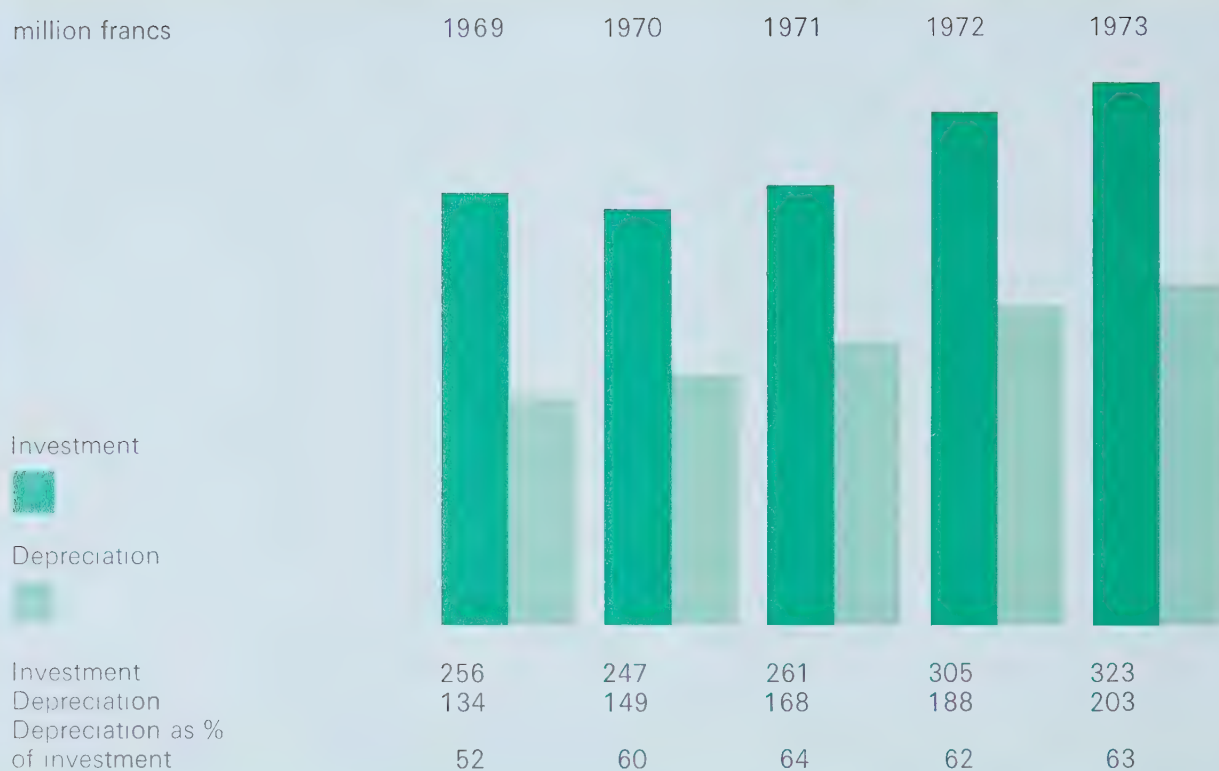
Group Sales – Trends and Breakdown by Division



|                    | 1969            |                    | 1970            |                    | 1971            |                    | 1972            |                    | 1973            |                    |
|--------------------|-----------------|--------------------|-----------------|--------------------|-----------------|--------------------|-----------------|--------------------|-----------------|--------------------|
|                    | mil-lion francs | per-cent. of total | mil-lion francs | per-cent. of total | mil-lion francs | per-cent. of total | mil-lion francs | per-cent. of total | mil-lion francs | per-cent. of total |
| Dyestuffs          | 785             | 32                 | 849             | 31                 | 971             | 32                 | 1118            | 33                 | 1184            | 33                 |
| Pharmaceuticals    | 1300            | 52                 | 1490            | 54                 | 1632            | 54                 | 1813            | 53                 | 1907            | 53                 |
| Agrochemicals/Food | 398             | 16                 | 412             | 15                 | 427             | 14                 | 464             | 14                 | 525             | 14                 |
| Total              | 2483            | 100                | 2751            | 100                | 3030            | 100                | 3395            | 100                | 3616            | 100                |

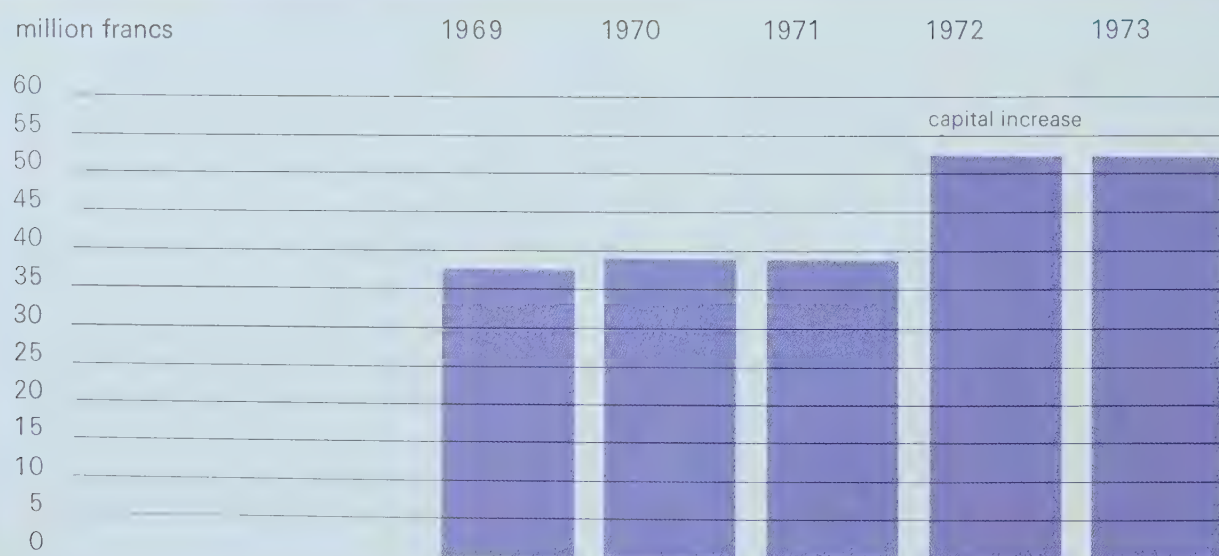
## Investment in and Depreciation of Fixed Assets by the Group

million francs



## Trends in Parent Company Dividends

million francs



# The Companies of the SANDOZ Group





| Affiliated companies,<br>jointly owned factories and other holdings<br>as at 31 December 1973 |                                                                          | Paid-up share<br>capital or<br>authorized capital |               | % holding<br>(unless stated<br>= 98–100%) |
|-----------------------------------------------------------------------------------------------|--------------------------------------------------------------------------|---------------------------------------------------|---------------|-------------------------------------------|
| SWITZERLAND                                                                                   | SANDOZ HOLDING Ltd., Basle                                               | S.fr.                                             | 20 million    | 50                                        |
|                                                                                               | Wander Ltd., Berne                                                       | S.fr.                                             | 17 million    |                                           |
|                                                                                               | Glaro AG, Fribourg                                                       | S.fr.                                             | 25 million    |                                           |
|                                                                                               | Wander Chemie AG, Locarno                                                | S.fr.                                             | 3 million     |                                           |
|                                                                                               | Anthrachinon-Produkte BASF-SANDOZ AG, Basle                              | S.fr.                                             | 0.5 million   |                                           |
|                                                                                               | International Bandage Company Schaffhouse,<br>Neuhausen/Rheinfall        | S.fr.                                             | 12 million    | 14                                        |
|                                                                                               | Säurefabrik Schweizerhall, Schweizerhalle/Basle                          | S.fr.                                             | 7.2 million   | 17                                        |
|                                                                                               | Swiss Tar Industries Ltd., Pratteln                                      | S.fr.                                             | 3 million     | 25                                        |
|                                                                                               | SSC Steril Catgut Gesellschaft, Neuhausen/Rheinfall                      | S.fr.                                             | 4 million     |                                           |
|                                                                                               | John Valentine Fitness Clubs Ltd., Spreitenbach                          | S.fr.                                             | 3 million     | 51                                        |
|                                                                                               | John Valentine Holding AG, Zurich                                        | S.fr.                                             | 3.75 million  | 51                                        |
| ARGENTINA                                                                                     | SANDOZ Argentina S.A.I.C., Buenos Aires                                  | Pesos                                             | 9.0 million   |                                           |
| AUSTRALIA                                                                                     | SANDOZ Australia Holdings Pty. Ltd., Camberwell/<br>Melbourne            | A.\$                                              | 4.5 million   |                                           |
|                                                                                               | SANDOZ Australia Pty. Ltd., North Ryde/Sydney and<br>Chadstone/Melbourne | A.\$                                              | 0.58 million  |                                           |
|                                                                                               | Wander (Australia) Pty. Ltd., Devonport and<br>South Melbourne           | A.\$                                              | 0.5 million   |                                           |
|                                                                                               |                                                                          | A.\$                                              | 0.5 million   |                                           |
| AUSTRIA                                                                                       | SANDOZ Gesellschaft m.b.H., Vienna                                       | Sch.                                              | 8 million     | 75                                        |
|                                                                                               | SANDOZ Forschungsinstitut Gesellschaft m.b.H.,<br>Vienna                 | Sch.                                              | 250 million   |                                           |
|                                                                                               | Biochemie Gesellschaft m.b.H., Vienna                                    | Sch.                                              | 200 million   |                                           |
|                                                                                               | Sanabo Fabrik pharmazeutischer Produkte<br>Gesellschaft m.b.H., Vienna   | Sch.                                              | 12 million    |                                           |
|                                                                                               | Wander Gesellschaft m.b.H., Vienna                                       | Sch.                                              | 30 million    |                                           |
|                                                                                               |                                                                          | Sch.                                              | 30 million    |                                           |
| BELGIUM                                                                                       | SANDOZ S.A., Brussels                                                    | B.fr.                                             | 120 million   |                                           |
|                                                                                               | N.V. Wander S.A., Brussels                                               | B.fr.                                             | 20 million    |                                           |
| BRAZIL                                                                                        | SANDOZ Brasil S.A., São Paulo                                            | Cruz.                                             | 45 million    | 87                                        |
|                                                                                               | Wander S.A., São Paulo                                                   | Cruz.                                             | 5.8 million   |                                           |
|                                                                                               | Indústrias Químicas Resende S.A., Resende<br>common stock                | Cruz.                                             | 87 million    | 55                                        |
|                                                                                               | preferred stock                                                          | Cruz.                                             | 12 million    |                                           |
| CANADA                                                                                        | SANDOZ (Canada) Ltd., Dorval/Montreal                                    | Can.\$                                            | 2.15 million  | 33½                                       |
|                                                                                               | Wander Ltd., Toronto                                                     | Can.\$                                            | 1 500         |                                           |
|                                                                                               | The J.F. Hartz Company Ltd., Toronto                                     | Can.\$                                            | 60 000        |                                           |
|                                                                                               | Mount Royal Chemicals Ltd., Dorval/Montreal                              | Can.\$                                            | 1.5 million   |                                           |
| CHILE                                                                                         | SANDOZ Farmacéutica Ltda., Santiago de Chile                             | Esc.                                              | 10 million    |                                           |
|                                                                                               | SANDOZ Colorquímica Ltda., Santiago de Chile                             | Esc.                                              | 5 million     |                                           |
| COLOMBIA                                                                                      | SANDOZ Colombiana Ltda., Bogotá                                          | Pesos                                             | 10.97 million | 70                                        |
|                                                                                               | Wander Colombiana Ltda., Bogotá                                          | Pesos                                             | 1.4 million   |                                           |
| CUBA                                                                                          | SANDOZ Químico-Farmacéutica Cubana S.A., Havana                          | Pesos                                             | 0.25 million  |                                           |
| DENMARK                                                                                       | SANDOZ A/S, Copenhagen                                                   | Kr.                                               | 0.5 million   |                                           |
| EGYPT                                                                                         | Swisspharma S.A.A., Cairo                                                | £E.                                               | 0.48 million  | 25                                        |
| FINLAND                                                                                       | SANDOZ OY, Helsinki                                                      | Markka                                            | 0.3 million   |                                           |

| Affiliated companies,<br>jointly owned factories and other holdings<br>as at 31 December 1973 |                                                                                                                                                                                                               | Paid-up share<br>capital or<br>authorized Capital |               | % holding<br>(unless stated<br>= 98-100%) |
|-----------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------|---------------|-------------------------------------------|
| FRANCE                                                                                        | Produits SANDOZ S.A., Rueil-Malmaison<br>Laboratoires SANDOZ S. à r.l., Rueil-Malmaison<br>Laboratoires Salvoxy-Wander S. à r.l., Paris<br>Wander S.A., Champigny-sur-Marne<br>Fitness Clubs France SA, Paris | F.fr.                                             | 100 million   | 51                                        |
|                                                                                               |                                                                                                                                                                                                               | F.fr.                                             | 60 million    |                                           |
|                                                                                               |                                                                                                                                                                                                               | F.fr.                                             | 2 million     |                                           |
|                                                                                               |                                                                                                                                                                                                               | F.fr.                                             | 4.65 million  |                                           |
|                                                                                               |                                                                                                                                                                                                               | F.fr.                                             | 10 million    |                                           |
| GERMANY<br>(Federal Republic)                                                                 | SANDOZ AG, Nuremberg<br>SANDOZ-Produkte G.m.b.H., Lörrach<br>Wander G.m.b.H., Osthofen/Frankfurt a.M.<br>Deutsche Fitness Clubs GmbH, Wiesbaden                                                               | DM                                                | 20 million    | 51                                        |
|                                                                                               |                                                                                                                                                                                                               | DM                                                | 1.5 million   |                                           |
|                                                                                               |                                                                                                                                                                                                               | DM                                                | 3.8 million   |                                           |
|                                                                                               |                                                                                                                                                                                                               | DM                                                | 5 million     |                                           |
| GREAT BRITAIN                                                                                 | SANDOZ Products Ltd., Horsforth/Leeds<br>The SANDOZ Trading & Shipping Co. Ltd., Horsforth/<br>Leeds<br>Wander Limited, London<br>The Clayton Aniline Co. Ltd., Clayton/Manchester                            | £                                                 | 1.68 million  | 88<br>25                                  |
|                                                                                               |                                                                                                                                                                                                               | £                                                 | 10 000        |                                           |
|                                                                                               |                                                                                                                                                                                                               | £                                                 | 2 million     |                                           |
|                                                                                               |                                                                                                                                                                                                               | £                                                 | 1.74 million  |                                           |
| GREECE                                                                                        | SANDOZ (Hellas) S.A.C., Athens                                                                                                                                                                                | Dr.                                               | 22 million    |                                           |
| HONG KONG                                                                                     | SANDOZ Pharmaceuticals Ltd., Hong Kong                                                                                                                                                                        | HK.\$                                             | 200           |                                           |
| INDIA                                                                                         | SANDOZ (India) Ltd., Bombay<br>Wander Ltd., Bombay                                                                                                                                                            | Rs.                                               | 15 million    | 60                                        |
|                                                                                               |                                                                                                                                                                                                               | Rs.                                               | 1.5 million   | 49                                        |
| IRELAND                                                                                       | SANDOZ Products (Ireland) Ltd., Dublin                                                                                                                                                                        | £                                                 | 20 000        |                                           |
| ITALY                                                                                         | SANDOZ S.p.A., Milan<br>Dasco S.p.A., Medolla/Modena<br>Wander S.p.A., Milan                                                                                                                                  | Lit.                                              | 3 580 million |                                           |
|                                                                                               |                                                                                                                                                                                                               | Lit.                                              | 300 million   |                                           |
|                                                                                               |                                                                                                                                                                                                               | Lit.                                              | 240 million   |                                           |
| JAMAICA                                                                                       | Wander (Jamaica) Ltd., Kingston                                                                                                                                                                               | J.\$                                              | 0.24 million  |                                           |
| JAPAN                                                                                         | SANDOZ Yakuhin K.K., Tokyo<br>SANDOZ K.K., Kobe                                                                                                                                                               | Yen                                               | 80 million    |                                           |
|                                                                                               |                                                                                                                                                                                                               | Yen                                               | 500 million   |                                           |
| KENYA                                                                                         | SANDOZ (East Africa) Ltd., Nairobi                                                                                                                                                                            | Sh.                                               | 0.2 million   |                                           |
| MEXICO                                                                                        | SANDOZ de México S.A. de C.V., México<br>Comercial Suiza S.A., México                                                                                                                                         | Pesos                                             | 50 million    | 97                                        |
|                                                                                               |                                                                                                                                                                                                               | Pesos                                             | 3 million     | 57                                        |
| MOROCCO                                                                                       | SANDOZ-Maroc S. à r.l., Casablanca                                                                                                                                                                            | Dirh.                                             | 0.25 million  |                                           |
| NETHERLANDS                                                                                   | SANDOZ B.V., Arnhem<br>Dascon B.V., Uden                                                                                                                                                                      | Fls.                                              | 2 million     |                                           |
|                                                                                               |                                                                                                                                                                                                               | Fls.                                              | 70 000        |                                           |
| NEW ZEALAND                                                                                   | SANDOZ Pharma Ltd., Auckland<br>Wander (New Zealand) Ltd., Christchurch                                                                                                                                       | NZ.\$                                             | 0.1 million   |                                           |
|                                                                                               |                                                                                                                                                                                                               | NZ.\$                                             | 0.15 million  |                                           |
| NIGERIA                                                                                       | SANDOZ (Nigeria) Ltd., Apapa<br>Ovaltine (West Africa) Ltd., Lagos                                                                                                                                            | Naira                                             | 0.4 million   | 75                                        |
|                                                                                               |                                                                                                                                                                                                               | Naira                                             | 20 000        |                                           |
| PAKISTAN                                                                                      | SANDOZ (Pakistan) Ltd., Karachi                                                                                                                                                                               | Pak. Rs.                                          | 16 million    | 75                                        |
| PERU                                                                                          | SANDOZ Perú S.A., Lima                                                                                                                                                                                        | Soles                                             | 49.7 million  | 97                                        |
| PHILIPPINES                                                                                   | SANDOZ (Philippines) Inc., Makati/Manila<br>Wander (Philippines) Inc., Pasig/Manila                                                                                                                           | P.Pesos                                           | 2 million     | 74                                        |
|                                                                                               |                                                                                                                                                                                                               | P.Pesos                                           | 3 million     |                                           |
| PORTUGAL                                                                                      | Produtos SANDOZ Lda., Lisbon<br>Sociedade Portuguesa de Produtos Wander Lda., Lisbon                                                                                                                          | Esc.                                              | 32 million    | 97                                        |
|                                                                                               |                                                                                                                                                                                                               | Esc.                                              | 3.6 million   |                                           |

| Affiliated companies,<br>jointly owned factories and other holdings<br>as at 31 December 1973 |                                                                              | Paid-up share<br>capital or<br>authorized capital |               | % holding<br>(unless stated<br>= 98–100%) |
|-----------------------------------------------------------------------------------------------|------------------------------------------------------------------------------|---------------------------------------------------|---------------|-------------------------------------------|
| SINGAPORE                                                                                     | Wander (Singapore) Ltd., Singapore                                           | Sing.\$                                           | 0.75 million  |                                           |
| SOUTH AFRICA                                                                                  | SANDOZ Products (Pty.) Ltd., Johannesburg                                    | Rand                                              | 100 000       |                                           |
| SPAIN                                                                                         | SANDOZ S.A.E., Barcelona                                                     | Ptas.                                             | 200 million   |                                           |
|                                                                                               | Instituto Químico Farmacológico Español S.A.,<br>Barcelona                   | Ptas.                                             | 1.2 million   |                                           |
|                                                                                               | S.A. Española de Colorantes Sintéticos, Hospitalet de<br>Llobregat/Barcelona | Ptas.                                             | 80 million    |                                           |
|                                                                                               | S.A.E. de Productos y Procedimientos Wander,<br>Barcelona                    | Ptas.                                             | 20 million    | 79                                        |
| SWEDEN                                                                                        | SANDOZ AB, Täby/Stockholm                                                    | Kr.                                               | 2 million     |                                           |
| THAILAND                                                                                      | SANDOZ (Thailand) Ltd., Bangkok                                              | Baht                                              | 1.5 million   |                                           |
| TURKEY                                                                                        | SANDOZ İlâç Sanayii Limited Sirketi, Istanbul                                | Turk.£                                            | 10 million    | 80                                        |
|                                                                                               | SANDOZ Kimya Sanayii Limited Sirketi, Izmir                                  | Turk.£                                            | 7.06 million  |                                           |
| URUGUAY                                                                                       | SANDOZ Química y Farmacéutica S.A., Montevideo                               | Pesos                                             | 60 million    |                                           |
| USA                                                                                           | SANDOZ-WANDER, Inc., Hanover, N.J.                                           | \$                                                | 40 million    |                                           |
|                                                                                               | The Delmark Company, Inc., Minneapolis, Minn.                                | \$                                                | 7 million     |                                           |
|                                                                                               | Toms River Chemical Corporation, Toms River, N.J.                            | \$                                                | 45.37 million | 20                                        |
| VENEZUELA                                                                                     | SANDOZ Venezuela S.A., Caracas                                               | Bol.                                              | 15 million    |                                           |
|                                                                                               | Wander de Venezuela S.A., Caracas                                            | Bol.                                              | 0.85 million  |                                           |
|                                                                                               | Covigal S.A., Caracas                                                        | Bol.                                              | 11 million    | 60                                        |





## 1973 in Pictures



*January:* Dyes and Chemical Managers' Conference. Managers in the Dyestuffs Division all over the world met to discuss the objectives of the 10-year plan.

*February:* Work began on the first stage of the SANDOZ Training Centre (shown here is the model) at MuttENZ, near Basle.



*March:* To mark the 20th Anniversary of the discovery of oral penicillin at Biochemie GmbH, the President of Austria, Franz Jonas (centre), paid an official visit to the Kundl factory.

*April:* SANDOZ's 'Health' Pavilion at the Swiss Industries' Trade Fair in Basle attracted a record number of almost 170,000 visitors.





*May:* The 78th Annual General Meeting of SANDOZ Ltd., which was held in the Congress Hall at the Trade Fair Centre, was attended by 1,200 shareholders.

*June:* Medical/Biological Research's new high-rise laboratory block in Basle began to climb steadily (photo of model).



*July:* In conjunction with the Basle Women's Voluntary Service a day nursery was opened for employees' children.

*August:* Rapid progress being made with the waste-water purification plant. SANDOZ's contribution to the building and running costs will be considerable.





*September:* Air pollution control at the factory in Basle. A constant watch is kept on the atmosphere by means of a closed-circuit television network.

*October:* More housing for SANDOZ employees; another 50 flats being built at MuttENZ as part of the 'Unterwart' development.



*November:* In the wake of the Swiss John Valentine Fitness Clubs (Spreitenbach) in Basle, Zurich, Berne, Geneva and Winterthur, the first clubs were opened in France (Paris) and Germany (Munich).

*December:* Visit to SANDOZ by members of the government of the Canton of Basle-City. Great importance is attached to contact with the public and the authorities.











